

ORDINANCE NO.

AN ORDINANCE DENYING A RATE INCREASE PROPOSED BY ATMOS ENERGY CORPORATION, MID-TEX DIVISION; REQUIRING REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES BY THE REGULATED UTILITY; AND PROVIDING NOTICE OF THIS ORDINANCE TO ATMOS ENERGY CORPORATION MID-TEX DIVISION.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. FINDINGS:

- (A) On or about May 31, 2007, Atmos Energy Corporation, Mid-Tex Division ("Atmos" or "Company"), formerly known as TXU Gas Company, filed with the City and the Texas Railroad Commission a request to assess a gas reliability infrastructure program (GRIP) interim rate increase against all gas distribution customers served by Atmos as provided under Texas Utilities Code § 104.301.
- (B) The filing was made pursuant to § 104.301(a) of the Texas Utilities Code, which allows gas utilities to recover reasonable increases in capital investments in the gas system without filing a full rate case.
- (C) Based on Company-provided information, Atmos' proposal would result in an average monthly increase for each of its customers within the City of Austin as follows:
- Residential - \$0.59
- Commercial -\$1.48
- Industrial - \$28.90
- (D) The City has exclusive original jurisdiction under Chapter 103 of the Texas Utilities Code to evaluate and deny Atmos' proposed rate increase with respect to facilities within the city.
- (E) The City Council finds that the current rates charged by Atmos already provide sufficient revenues to provide its allowed return without the need for an additional GRIP surcharge to recover incremental investment. The City

Council therefore finds that the requested GRIP surcharge is unnecessary and unreasonable and will adversely impact City customers of Atmos.

PART 2. The GRIP rate increase proposed by Atmos filed with the City on or about May 31, 2007, is denied.

PART 3. Atmos is directed to reimburse all municipal rate case expenses, if any, incurred by the City in relation to the filing.

PART 4. The City Manager is directed to provide notice of this ordinance to Atmos Energy Corporation, Mid-Tex Division.

This ordinance takes effect on _____, 2007.

PASSED AND APPROVED

_____, 2007 §
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_____, 2007 §

Will Wynn
Mayor

APPROVED: _____ **ATTEST:** _____
David Allan Smith Shirley A. Gentry
City Attorney City Clerk